

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03  
NSAE-00 NSC-05 PA-02 PRS-01 SP-02 SS-15 USIA-15 EB-08  
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R 162251Z FEB 77  
FM AMEMBASSY OTTAWA  
TO SECSTATE WASHDC 2484  
INFO ALL AMCONSULS CANADA

UNCLAS OTTAWA 0619

E.O. 11652: N/A  
TAGS: ECON, CA  
SUBJ: BUDGETARY MAIN ESTIMATE S FOR FY 1977/78

1. ROBERT ANDRAS, PRESIDENT OF TREASURY BOARD, TABLED ON FEB 16 BUDGETARY MAIN ESTIMATES FOR FISCAL YEAR 1977/78, SHOWING ABOUT SEVEN PERCENT INCREASE IN FEDERAL EXPENDITURES OVER LEVEL OF SPENDING PLANNED FOR FY 1976/77, ENDING MARCH 31, 1977. ANDRAS SAID TOTAL FEDERAL EXPENDITURES FOR FY 77/78 WOULD BE C\$45.1 BILLION VERSUS C\$42.2 BILLION IN FY 76/77.

2. MAIN ESTIMATES, ACCORDING ANDRAS, CONTAIN PROVISIONS FOR ONLY ONE MAJOR NEW PROGRAM; I.E., "EMPLOYMENT STRATEGY TO BE IMPLEMENTED IN NEW FISCAL YEAR BY ...MANPOWER AND IMMIGRATION," WITH PROJECTED COST OF C\$286.5 MILLION.

3. ANDRAS SAID OPERATIVE WORD FOR GOC SPENDING ESTIMATES WAS "RESTRAINT," AND THEREFORE HE WAS ABLE TO BRING DOWN BY 1977/78 MAIN ESTIMATES WHICH WERE LESS THAN 11 PERCENT -INCREASE FORECAST BY FINMIN MACDONALD LAST MAY. IN FACT, ACTUAL SPENDING BY GOC IN CURRENT FISCAL YEAR "IS LIKELY TO BE LOWER THAN GOVERNMENT'S TARGET OF 14 PERCENT AND ALSO LOWER THAN ANTICIPATED GNP GROWTH."

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4. CHIEF DECREASE IN FY 77/78 ESTIMATES FROM FY 76/77 IS FOR ENERGY, MINES AND RESOURCES, WHERE DROP OF C\$577.5 MILLION IS ATTRIBUTED TO REDUCTION IN OIL IMPORT COMPENSATION PAYMENTS. MAIN INCREASE IN NEXT FISCAL YEAR IS FOR DEPARTMENT OF FINANCE (UP C\$978.4 MILLION), WITH MAIN COMPONENT OF INCREASE BEING C\$700 MILLION MORE IN

PUBLIC DEBT CHARGES NOW PROJECTED AT C\$5,350 MILLION  
FOR FY 77/78.

5. COMMENT: SINCE MOST ANALYSTS HAD EXPECTED MAIN  
ESTIMATES TO BE 11 PERCENT HIGHER THAN THIS FISCAL YEAR'S  
ESTIMATES, GOC WILL PROBABLY RECEIVE SOME PRAISE FOR  
HOLDING DOWN SPENDING FOR NEXT FISCAL YEAR. EMBASSY WILL COMMENT  
FURTHER WHEN IT COMPLETES ITS ANALYSIS OF BUDGET  
ESTIMATES.  
ENDERS

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## Message Attributes

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**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009